

# Metropolitan Transportation Commission Programming and Allocations Committee

July 9, 2003

Item Number 4a

## Various Resolution Nos.

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**Subject:** Rescissions of FY 2002-03 TDA, STA and AB1107 Allocations.

**Background:** In February 2003, the Commission adopted the Fund Estimate for FY 2003-04. At that time, staff indicated that due to a then projected shortfall in FY 2002-03 sales tax based revenues, it would be necessary to (1) rescind FY 2002-2003 allocations that exceeded available revenues and (2) revise the FY 2003-04 Fund Estimate to reflect the FY 2002-03 rescissions. Now that the final TDA and AB1107 revenue generations for FY 2003-04 are known, it is necessary to proceed with rescissions where necessary. As well, the STA revenue available statewide is projected to be less than anticipated, and the Bay Area's operators' share of that revenue is expected to be less, necessitating a rescission of STA allocations in FY 2002-03. The rescissions included in this action total \$29 million.

**Issues:**

- (1) MTC is obligated to utilize the TDA estimates from the County Auditors. MTC staff worked closely with the nine County Auditors on their FY 2003-04 estimates, advising a conservative approach, so that reliance on unrealistic revenues would not occur within operator budgets, and future rescissions by MTC would not be necessary. Nevertheless, several operators may experience rescissions due to overestimations by County Auditors at the end of FY 2003-04. These include operators in Alameda, San Francisco and Santa Clara Counties. AC Transit has chosen to claim approximately \$2 million less than the County Auditor estimated and has built its budget for FY 2003-04 around this lower amount.
- (2) Note that MTC is obligated to allocate the full estimated TDA amount claimed by eligible claimants. Revisions to TDA law may be desirable to allow a "metering" of allocations when estimates appear to be unrealistic.
- (3) In an attempt to avoid rescissions of AB 1107 and STA funds in FY 2003-04, MTC will be allocating one-half of the annual estimated amount. Once there is evidence of actual FY 2002-03 revenues, and at least several months of FY 2003-04 revenues, as well as STA operator distribution factors for STA revenue-based funds, MTC will assess fund availability and make remaining allocations accordingly.

**Recommendation:** Approve the rescissions and refer the reallocations to the Commission for approval for the amount and resolution numbers indicated in Attachment A of Executive Director's Memorandum dated July 9, 2003.

**Attachment:** Executive Director's Memorandum



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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***Memorandum***

TO: Programming & Allocations Committee

DATE: July 9, 2003

FR: Executive Director

RE: Transportation Development Act (TDA), AB1107 and State Transit Assistance (STA)  
Revenue Based Funding Allocation Rescission

State law requires MTC to adopt an annual fund estimate based on revenue estimates. Fund sources included in the estimate are TDA, STA, AB 1107 and transit-related bridge toll funds. The overall revenue estimates come from individual county estimates, (TDA), MTC revenue estimates, (AB 1107 and toll funds) and state revenue estimates (STA). The law also provides that MTC take actions to rescind allocations when there is a clear indication that revenue estimates will not be attained. End of FY 2002-03 actual revenues are now available, indicating that the Commission over allocated funds in FY 2002-03. The Commission needs to take action to rescind allocations to eliminate the negative balances.

The sales tax revenue for the Bay Area had experienced a rosy growth trend beginning as early as FY 1992-93, right after the FY 1991-92 recession. The growth trend continued for nine years and was at an all time high in FY 2000-01. Just as the Bay Area set the pace in the economic expansion over the past decade, the Bay Area also experienced the sharpest correction when the economy took a dramatic downturn in FY 2001-02. FY 2001-02 revenue decreased by 12.4% from the prior year, and the region experienced another 4.5% drop in FY 2002-03. Figure A illustrates the annual growth and contraction of TDA sales tax revenue over the past decade.

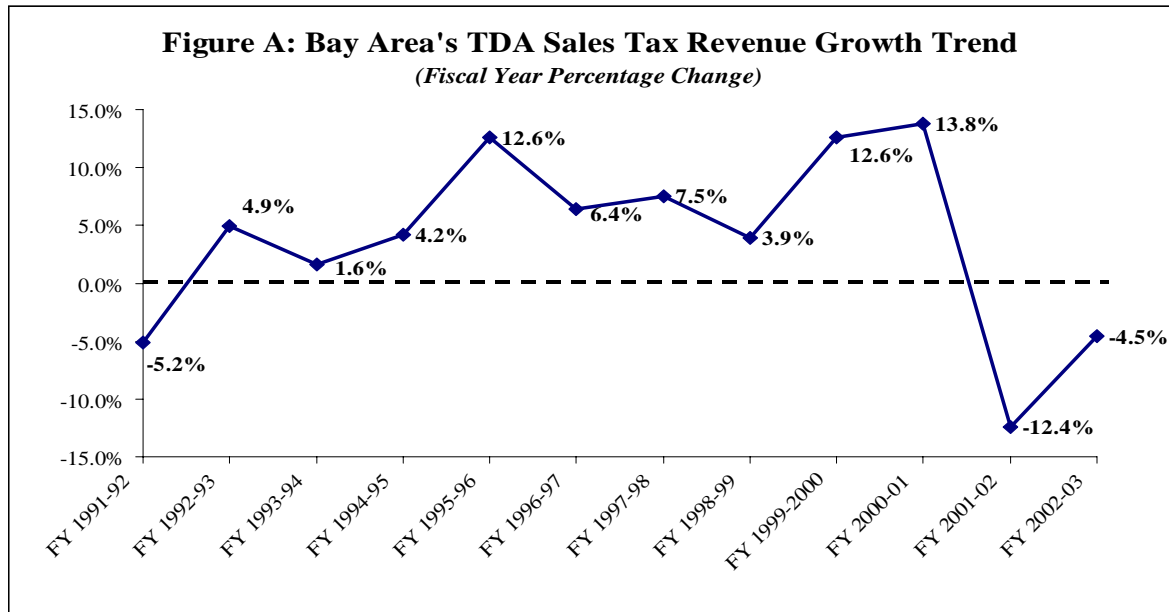


Table A is a comparison of the original FY 2002-03 revenue estimate, the revised FY 2002-03 revenue estimate and actual TDA revenue for FY 2002-03. It shows how the actual revenue is much lower than both the original and revised estimates.

**Table A: Comparison of FY2002-03 Estimated and Actual TDA Revenue**

Column	A	B	C	D=A-B	E=A-C
	FY2002-03 Actual Revenue	Revised FY2002-03 Estimates	Original FY2002-03 Estimates	%Difference 1	%Difference 2
Alameda	53,596,978	55,834,467	63,645,904	-40%	-158%
Contra Costa	30,495,773	31,058,959	33,505,835	-18%	-90%
Main	9,694,417	9,832,620	9,881,260	-14%	-19%
Napa	5,136,467	4,975,985	4,686,456	3.2%	9.6%
San Francisco	28,959,436	28,650,157	31,846,343	1.1%	-91%
San Mateo	28,972,882	29,331,230	32,756,400	-12%	-116%
Santa Clara	67,567,984	71,500,000	72,000,000	-55%	-62%
Solano	13,069,922	13,490,634	12,060,577	-31%	8.4%
Sonoma	16,886,783	17,000,000	17,800,000	-07%	-51%
Total	254,380,641	261,674,052	278,182,775	-28%	-86%

The sharp drop in revenue created a situation where allocations exceeded the actual revenue plus any available fund balance. Also, the state budget for FY 2002-03 STA revenue was lowered from \$98 million statewide to \$95.9 million in the Governor's May Budget revision for FY 2003-04. Consequently, year-end STA rescissions must also be made. During the February presentation to this Committee on the FY 2003-04 Fund Estimate, staff outlined a

process for returning this month to align allocations with actual revenue and fund availability. Negative balances indicate that there are no assets available for distribution. However, the negative balances cannot be corrected by borrowing from another apportionment area. Therefore, where the FY 2002-03 year end balance is projected to be negative, MTC has to reduce the allocation. Table B lists the apportionment areas that have negative balances.

**Table B: Apportionments Areas in Deficit as of June 30, 2003**

<b>County</b>	<b>Transit Operator</b>	<b>6/30/03 Balance</b>
<b><u>TDA</u></b>		
<b>Alameda</b>		
	AC Transit	
	District 1	(9,251,848)
	District 2	(2,239,744)
	BART	(158,601)
<b>Contra Costa</b>		
	AC Transit	
	District 1	(621,402)
	BART	(34,503)
<b>Marin</b>		
	GGBHTD	(397,894)
<b>San Francisco</b>		
	Article 4.5	(3,471)
	MUNI	(2,921,893)
<b>San Mateo</b>		
	Article 4.5	(3,374)
	SAMTRANS	(4,625,691)
<b>Santa Clara</b>		
	SCVTA	(4,504,304)
<b>Solano</b>		
	Benicia	(189,356)
<b>Sonoma</b>		
	GGBHTD	(235,219)
	Cotati	(7,609)
	Sebastopol	(22,107)
<b><u>AB1107</u></b>		
	AC Transit	(1,026,423)
	MUNI	(1,026,423)
<b><u>STA</u></b>		
<b>STA Revenue Based</b>		
	CCCTA	(14,799)
	GGHTD	(57,064)
	SAMTRANS	(954,004)
	VTa	(345,236)
	County of Sonoma	(9,731)
	BART	(572,247)
<b>STA Population Based</b>		
	Collective Deficit	(440,619)

For TDA funds, where the net assets available in some of the apportionment areas are projected to be negative, MTC is required to go through the rescission process. Sales tax revenues have now been recorded for FY 2002-03. The results have been analyzed to determine the amounts that need to be rescinded. The amounts are detailed in Attachment A.

The AB1107 funds also will require a corrective action. The original estimate for FY 2002-03 revenue was \$58.0 million and was revised down to \$57.0 million in February 2003. The actual amount received was \$55.9 million, which is 2.6% lower than the revised estimate. Since the allocation was based on the original estimates plus the reserve, the revenue shortfall will result in a total rescission amount of \$2,052,846 for AB 1107. The amounts for the two recipients (Muni and AC Transit) are listed in Attachment A.

STA revenue based funds are also affected. The total funds are distributed by the State Controller's Office based on the percentage share of each apportionment area's operating revenue. The overall State STA revenue decreased dramatically from the FY 2001-02 level and some of the larger Bay Area operators also experienced a loss of revenue share. The drop in funds created deficits in those apportionment areas that have to be rescinded. The total amounts of the rescissions are also in Attachment A.

For the STA population based funds, the MTC regional coordination program will temporarily advance funds to the jurisdictions with negative balances. This is within MTC's authority and discretion. The advance will be repaid in FY 2003-04 by reducing the available funds for allocation by the amount of the shortfall in those jurisdictions, restoring the advance amount to the regional coordination program. There are eight jurisdictions that collectively have a negative amount of \$440,619.

After the rescission actions for FY 2002-03 are completed, staff will continue to work with the transit operators in FY 2003-04, and advise operators on a regular basis of the actual receipts for each fund source. Staff will also continue to work with the county auditors to help them better understand the impact of their revenue estimates on the transit operators in the region, as well as develop more reasonable estimates.

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Steve Heminger

Attachment  
SH:LZ

**Programming and Allocations Committee**  
**July 9, 2003**  
**Executive Director's Memorandum**  
**Attachment A**

**FY 2002-03 Rescissions**

Claimant	Project	Fund Source	Amount Rescinded	Res. No.	Apportionment Area	Alloc. 03-04 Funds for 02-03 Ops.
AC Transit	Operations	TDA Art. 4	\$9,251,848	3461	Ala. Co. AC Dist. 1	
AC Transit	Operations	TDA Art. 4	\$2,239,744	3461	Ala. Co. AC Dist. 2	
AC Transit	Operations	TDA Art. 4	\$621,402	3461	CC Co. AC Dist. 1	
AC Transit	Operations	STA 99314	\$303,331	3462	BART	
AC Transit	Operations	AB1107	\$1,026,423	3463	n/a	
BART	Operations	TDA Art. 4	\$119,050	3501	BART Ala. Co.	
Benicia	Operations	TDA Art. 4	\$189,356	3528	Benicia	
CCCTA	Operations	TDA Art. 4	\$4,088	3464	BART CC Co.	Yes - Res. No. 3557, Revised
CCCTA	Operations	STA 99314	\$31,802	3465	BART	Yes - Res. No. 3558, Revised
CCCTA	Operations	STA 99314	\$14,799	3465	CCCTA	Yes - Res. No. 3558, Revised
ECCTA	Operations	TDA Art. 4	\$13,251	3466	BART CC Co.	Yes - Res. No. 3591
ECCTA	Operations	STA 99314	\$103,390	3467	BART	Yes - Res. No. 3592
GGBHTD	Operations	TDA Art. 4	\$397,894	3490	Marin Co. GGBHTD	
GGBHTD	Operations	TDA Art. 4	\$235,219	3490	Sonoma Co. GGBHTD	
GGBHTD	Operations	STA 99314	\$57,064	3491	GGBHTD	
LAVTA	Operations	TDA Art. 4	\$39,551	3468	BART Ala. Co.	Yes - Res. No. 3593
SF Muni	Operations	TDA Art. 4	\$2,921,893	3456	San Francisco Co.	
SF Muni	Operations	TDA Art. 4.5	\$3,471	3456	San Francisco Co.	
SF Muni	Operations	AB1107	\$1,026,423	3458	n/a	
SamTrans	Operations	TDA Art. 4	\$4,625,691	3454	San Mateo Co.	
SamTrans	Operations	TDA Art. 4.5	\$3,374	3454	San Mateo Co.	
SamTrans	Operations	STA 99314	\$954,004	3455	SamTrans	
Sonoma Co. Transit	Operations	TDA Art. 4	\$7,609	3492	Sonoma Co. Cotati	
Sonoma Co. Transit	Operations	TDA Art. 4	\$22,107	3492	Sonoma Co. Sebastopol	
VTA	Operations	TDA Art. 4	\$4,504,304	3481	Santa Clara Co.	
VTA	Operations	STA 99314	\$345,236	3482	VTA	
WCCTA	Operations	TDA Art. 4	\$17,164	3470	BART CC Co.	Yes - Res. No. 3561, Revised
WCCTA	Operations	STA 99314	\$133,724	3471	BART	Yes - Res. No. 3562, Revised
Sonoma Co. Transit		STA 99314	\$9,731	\$3,496	Co. of Sonoma	